

## Hobbies

# Investment activity may spur bull market for rare coins

By Roger Boye

A major investment firm is helping to create a limited partnership that hobby experts say could ignite a tremendous bull market in rare coins.

Earlier this month, the NFA World Coin Fund filed registration papers with the Securities and Exchange Commission to launch a \$50 million limited partnership that would buy U. S. and foreign coins. Merrill Lynch, Pierce, Fenner & Smith Inc. would serve as administrative general partner and underwriter

of the publicly offered limited partnership units.

Creation of the NFA fund and enlargement of the American Rare Coin Fund—a Kidder, Peabody & Co. limited partnership—"have the potential to run prices for investment-type coins sky high," said Robert Wilhite, editor of Numismatic News.

Frank Carr, chief financial officer of the NFA World Coin Fund, said that Numismatic Fine Arts International Inc. and Superior Stamp and Coin Co. Inc., two California rare-coin compa-

nies, would advise the Los Angeles-based limited partnership. However, the fund cannot begin to do business until it gets SEC approval, a process that could take several weeks.

In late 1988, Numismatic Fine Arts and Merrill Lynch created Athena II, a \$25 million limited partnership in ancient coins. The new NFA fund eventually could grow to \$75 million.

"The fact that Merrill Lynch is going into U. S. coins is a major sign of the increasing interest of Wall Street in numismatic invest-

ments," said Keith M. Zaner, a Coin World editor. Many experts believe that purchases by the American Rare Coin Fund helped to boost prices of exceedingly rare U.S. coins in 1989.

Last July, for example, the American fund and a Louisiana company bought an 1804 U. S. silver dollar for \$990,000, the most ever paid for a coin at public auction. In an advertisement in the Feb. 20 issue of Numismatic News, American announced that it had invested \$42 million in rare coins in the past nine months and expects to invest an

additional \$100 million during 1990.

The infusion of such money could have a huge impact on prices of rare coins, especially if American and NFA begin to compete with each other, Wilhite said. A rash of coin purchases or sales can create a gyrating, fast-changing market because many rare coins exist in limited supply.

Most in demand probably will be rarities that are encased in hard-plastic "slabs" with their conditions certified by a major coin-grading service.